

Mr. J. B. Horner
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NEW SOUTH WALES.

BUSINESS STATISTICS - MONTHLY DIGEST.

5th September, 1940.

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NEW SOUTH WALES (AUSTRALIA).

MONTHLY DIGEST OF BUSINESS STATISTICS.

September, 1940.

GENERAL. Recruitment of men for active service and compulsory training for home defence has not prevented rapid development of the industrial war effort. Factory employment in New South Wales recovered rapidly from the April-May decline caused by the coal stoppage and is now at a record level, with expansion of war industries still strongly proceeding. Business generally is sustained and financial conditions are satisfactory.

It is anticipated that Australia's war and defence expenditure will increase from £55m. in 1939-40 to £179m. in 1940-41. Of this about £145m. will be spent in Australia (including £53m. in N.S.W.). This is an unprecedented level of public spending and must have far-reaching economic repercussions.

Developments of the past three months (including intensified hazards to shipping and greater discrimination in British food imports) may impose strains upon the Australian economy. The difficulties of marketing primary export products, including wheat, barley, fruit, wine and to some extent, meat and sugar, have been increased. Added to this, some months of very dry weather have rendered the rural outlook unpromising. However, assured disposal of all wool and dairy products will help greatly in sustaining agriculture.

The appointment of Sir John Latham as the first Australian Minister to Japan may serve economic as well as political ends to Australia's advantage.

MANUFACTURING. In July, 1940 there were 239,900 persons employed in factories in New South Wales. This was 15,300 more than in July, 1939 and despite the normal seasonal tendency to a slight decrease, nearly back to the high level of March, prior to the coal stoppage. Compared with the pre-depression record (1928-29) factory employment had increased by 33 per cent.

Employment in Factories in New South Wales.

	<u>July</u> <u>1937.</u>	<u>July</u> <u>1938.</u>	<u>July</u> <u>1939.</u>	<u>Mar.</u> <u>1940.</u>	<u>May,</u> <u>1940.</u>	<u>July,</u> <u>1940.</u>
Persons (000)	216.4	225.2	224.6	241.3	225.7	239.9
Index No. (1928-29=100)	120	125	124	133	125	133.

Employment has increased in practically all kinds of factories, but particularly in those concerned with war production. Employment in metal working industries has reached an unprecedented level and is expanding rapidly:-

	<u>July,</u> <u>1938.</u>	<u>July,</u> <u>1939.</u>	<u>Mar.,</u> <u>1940.</u>	<u>May,</u> <u>1940.</u>	<u>June,</u> <u>1940.</u>	<u>July,</u> <u>1940.</u>
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Employees in factories with 10 or more employees.

Chemical	6,720	7,190	8,550	8,240	8,410	8,720
Industrial Metals	65,140	61,860	66,300	58,340	65,310	68,370
Textile & Clothing	37,710	36,620	39,610	39,100	39,120	39,660

Production of iron and steel is greater than ever before (details are not available for publication) and the productive capacity of plant is being increased. Nevertheless, it has been necessary to institute priorities for requirements of local and Empire war industries, causing some inconvenience to civilian enterprise. Both the consumption of gas and electricity and the movement of coal by rail exceeded previous records in July, 1940. An increase of 11.7 per cent. in the value of products sold from 42 large factories comparing the first half of this and last year probably represents, in the main, the supply of war material.

<u>42 Factories.</u>		<u>Coal Hauled by Rail.</u>		<u>Gas and Electricity Consumed.</u> (Sydney)	
Sales.	(£ mill.)		(000 tons).		
June.	Jan.-June	July.	Jan.-July		July.
1938	2.94	18.64	763	4,666	Index No. 126
1939	3.01	18.25	763	4,951	" 134
1940	3.08	20.41	890	3,339	" 139

BUILDING. Private building recovered appreciably from initial war reactions and seems to have steadied at a fairly high level. In the Metropolis recent returns show a tendency for house-building to increase, some revival in flat building and further contraction of non-residential building. Permits of a value of £1,048,000 were granted in July, 1940 and in the seven months ended July, £6,351,800 in 1940 and £7,607,000 in 1939. Outside the Metropolis activity has been maintained in Newcastle and other industrial centres but has decreased in rural towns. Private building has decreased from 15 to 20 per cent. below the peak level of two years ago, but construction of military and other public buildings has partly offset that decrease. Contracts accepted for Government buildings in New South Wales totalled £2,590,000 in the year ended June, 1940 and £124,000 and £912,000 in July, 1939 and 1940, respectively.

VALUE OF BUILDING PERMITS GRANTED - NEW SOUTH WALES.
(As far as recorded - excludes Government buildings.)

Period.	City of Sydney.	Suburbs of Sydney.	129 Rural & Industrial Towns.	7 Semi-urban Shires.	Total of Foregoing.
	£000	£000	£000	£000	£000
July-June, '38-'39	2,798	10,535	4,854	1,099	19,286
'39-'40	1,516	9,921	3,906	1,146	16,489
Jan.-June, 1938	1,468	5,327	2,717	475	9,987
" " 1939	857	5,229	2,292	524	8,902
July-Dec., "	1,029	5,105	1,969	577	8,680
Jan.-June, 1940	487	4,816	1,937	569	7,809
March Qr., 1940	225	2,099	922	265	3,511
June Qr., "	262	2,717	1,015	304	4,298

A recent partial recovery in housing projects leaves an appreciable numerical deficiency compared with two years ago. The number of dwellings proposed was:-

<u>Metropolis.</u>				<u>Country Towns.</u>	
Jan.-June.		July.		March Qr.	June Qr.
Houses.	Flats &c.	Houses.	Flats &c.	All Dwellings.	
1938	3139	2890	616	680	1171 1,068
1939	3016	2233	638	622	1093 1,019
1940	2929	1653	516	271	847 839

REAL ESTATE. Something of a shortage of housing relative to demand is one factor in increasing activity in real estate, though in city and large country properties the turnover is light. The value of transactions registered was as follows:-

	Month of July.			January-July.		
	1938.	1939.	1940.	1938.	1939.	1940.
Sales (£m.)	2.89	2.92	3.22	21.50	19.38	17.85
Mortgages (£m.)	2.28	1.95	1.75	15.65	13.40	10.66

TRADE AND COMMERCE. More money has been placed in the hands of the public as a result of increased returns from exports in 1939-40 and the greater number and rising incomes of wage-earners. This is reflected in a record level of inter-bank clearings (the index number for the three months ended July (116) was 18.4 per cent. higher in 1940 than in 1939). Sales at wholesale in June increased from £14.88 m. in 1939 to £17.07m. in 1940 and by 4.3 per cent. over the half year, despite retardation of direct factory sales of war materials during the coal strike. Allowing for higher prices, the turnover in retail trade fails to reveal any marked change in consumer buying. Moreover, employment in retail trade and with wholesalers has remained steady (seasonal fluctuations apart) over the past two years.

	<u>Bank Clearings, Sydney.</u>		Index No. May-July.	<u>Wholesale Trade, N.S.W.</u>		<u>Retail Trade</u>	
	Amount. July.	Jan.-July.		Sales. June.	Jan.-June	Sydney - Sales. June Qr.	
1937	£75.0m.	£542.2m.	97	£14.98m.	£91.74m.	Index No.	129
1938	70.5	541.6	101	14.98	94.39		137
1939	71.2	526.7	98	14.88	93.69		133
1940	94.6	623.0	116	17.07	97.74		142

INVESTMENT. A substantial part of the higher national income is being applied to war investment. In June and July nearly £4m. of war savings certificates were purchased in New South Wales and interest-free loans and gifts to the Commonwealth amounted to about £1.7m. There were abnormal withdrawals from savings banks in May and June partly for war loans and war savings, but in July, 1940 there was a contra-seasonal increase.

Deposits in savings banks in July were £86.0m. in 1938, £87.2m. in 1939 and £82.1m. in 1940.

After partial recovery from the heavy falls when the Low Countries were invaded and France collapsed the stock market has shown a gradual firming tendency. Trends in the average value of ordinary company shares are:-

	<u>1939-</u> <u>July.</u>	<u>1940-</u> <u>Jan.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May.</u>	<u>June.</u>	<u>July.</u>	<u>Aug.</u>
Index No, (Par=100).	176	182	174	173	168	151	151	155

INTEREST RATES. The net interest yield on Government securities is now limited by the fixation (from June 15) of minimum bond prices but the average yield has declined slightly and on Aug. 29 was £3 6s. 9d. per cent. on bonds of five or more years maturity - almost as low as at any time in recent years. In Sept., 1939 the average was £4. 1s. 3d. per cent.

Mortgage interest rates, too, have declined in recent months. On private first mortgages registered in N.S.W. weighted average rates for three-monthly periods ended in the months shown were:-

	<u>1939</u> <u>July.</u>	<u>1940</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Apr.</u>	<u>June.</u>	<u>July.</u>
Rural Mortgages % p.a.	5.1		5.5	5.5	5.2	5.0	5.0
Urban " "	5.6		5.8	5.8	5.7	5.6	5.6

BUILDING SOCIETIES. During 1939-40 very little new money was obtained for Co-operative Building Societies and the influence of the societies on owner-house-building declined. There is close control of investment under National Security regulations but latterly some loans have been arranged and it is possible that financial provision for societies may be greater in 1940-41 than in 1939-40.

DIGEST. (Continued).

Co-operative Terminating Building Societies, N.S.W.

	Members.	Shares.	Loans Approved.	Advances Made.
	No.	000.	No.	£000.
At Dec. 31, 1938	17,801	217.2	10,070	6,996
Year	1939	1,452	31.6	3,892
Mar. Qr.	1940	109	2.0	580
June Qr.	1940	131	2.9	518
At June 30, 1940	19,493	253.7	15,060	10,920
				14,431
				10,278

TRANSPORT. Government railways, trams and buses were operating normally again at the close of the financial year. Despite losses incidental to the coal stoppage, financial results in 1939-40 were better than in the preceding year. On the railways this was due mainly to operation for the full year of the increase of 10 per cent. in fares and certain freight charges (from Mar. 1, 1939) and heavy goods traffic. An increase in passengers and working economies were factors in the improved operation of tram and omnibus services:-

Government Railways. Govt. Trams & Buses.

Year ended June.	Passengers. Mill.	Goods Ton Mileage.	Working Surplus.£	Passengers. Mill.	Working Surplus.£
		Mill.	£000.		Mill.
1937	178	1810	5,461	340	838
1938	189	1938	5,726	371	736
1939	187	1842	4,605	375	667
1940(a)	179	1914	5,308	377	700

£ Excess of earnings over working expenses before meeting interest, etc. charges. (a) Affected by coal stoppage (Mar. 11 to May 20, 1940).

New motor vehicle sales in July, 1940 were numerically only about 30 per cent. of those in July, 1939. A gradual decline in 1938-39 and 1939-40 has latterly become precipitate:-

Cars, Cabs and Omnibuses. Lorries and Vans.

Mar.	Apr.	May.	June.	July.	Mar.	Apr.	May.	June.	July.
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Average number registered per week.

1938	505	478	487	383	357	177	182	207	155	156
1939	423	393	417	376	305	131	130	151	141	133
1940	268	243	176	115	63	106	114	103	70	60

Traders have suspended for nine months the importation of motor cars and car chassis. Revised plans for petrol rationing are to operate from Oct. 1, 1940. Rationing is less drastic than originally proposed, but is designed to reduce consumption to two-thirds the pre-war level to lessen the drain on dollar exchange. These proposals, supplementing the increased cost of motoring since the war have caused total motor registrations to decrease; at July 31 the number of cars was 9,506 and lorries and vans, 2,328 less than a year earlier.

July, 1933.	July, 1938.	July, 1939.	May, 1940.	June, 1940.	July, 1940.
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Number of Registered Vehicles - Thousands.

Cars	148.2	205.2	216.2	211.9	209.5	206.7
Lorries & Vans.	42.2	73.1	77.3	76.1	75.6	75.0

RURAL INDUSTRIES. There was very little rain during August. The whole state, except Northern Dairying districts is in urgent need of rain; in only one of the past nine months was rainfall above average:-

<u>Districts.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May.</u>	<u>June.</u>	<u>July.</u>
Average rainfall for each month = 100.								
Sheep	35	30	34	46	204	33	17	21
Wheat	26	24	18	21	227	36	17	33
Dairying	49	58	47	104	88	39	58	18

That wheat crops and pastures remain capable of substantial recovery provided rain soon falls is attributable to increased farming efficiency; stock losses have been almost negligible. However, the wheat harvest is practically certain to be below average, and the wool clip will be lighter (possibly from 5% to 10%) than in 1939-40.

To meet war needs, ramie fibre is being grown on the North Coast, where decorticating and spinning plants are being established.

THE WORLD WHEAT SITUATION.

The world exportable wheat surplus at the end of this wheat year (July 31, 1941) may exceed 1,000 m. bus. Large crops in North America and the blockade of Europe are major factors. The Australian crop outlook is poor.

Prices have eased and world shipments are small. Local trade is quiet, export trade is dull but local prices are steady.

THE SUPPLY SITUATION. Because information is lacking regarding production in important countries in Europe it is not possible to obtain a complete picture of this year's harvest in the Northern Hemisphere. The estimate for Europe by the United States Department of Agriculture made some time ago (1,360m. bus.) supplies some indication, though later individual reports probably change the figure appreciably.

That authority suggests that the world carry-over of exportable wheat may exceed 1,000 m. bus. on July 31, 1941. This far surpasses that of any previous season. It was 609 m. bus. at July 31, 1933 and has reaccumulated from 192 m. bus. in 1938 as follows:-

	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>	<u>1941.</u>
Million bushels.				
Exportable stocks at July 31.	192	520	790	(1000 + ?)

PRODUCTION 1940-41. North America is obtaining a third successive heavy wheat crop. Both United States and Canadian estimates have been increased, and together are nearly 100m. bus. greater than June forecasts. Particulars are:-

	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u> (Fore- cast)
Million bushels.				
United States - Winter	686	688	563	556
Spring	190	244	192	205
Canada - All wheat.	<u>180</u>	<u>350</u>	<u>490</u>	<u>490</u>
Total.	<u>1,056</u>	<u>1,282</u>	<u>1,245</u>	<u>1,251</u>

In Europe crops generally are understood to be below average. Satisfactory results are now expected in Russia. In the Danubian countries harvests are the smallest for several years and barely suffice for home consumption requirements. Some brief notes regarding particular countries are appended. Where available, current production, with that of last year in parenthesis, is shown.

<u>United Kingdom.</u>	Above average. (61.4 m.b.) Av. 1933-37, 61.6 m.b. Harvesting practically finished.
<u>Sweden.</u>	18.4 m.b. (31.4 m.b.). Sufficient for domestic needs with carry-over from 1939-40.
<u>Hungary.</u>	77. m.b. (113 m.b.) Rye harvest 29 m.b. (36 m.b.)
<u>Rumania</u>	56 m.b. - probably ex Bessarabia (163 m.b.) Av. 33-37, 111 m.b.
<u>Yugoslavia.</u>	74 m.b. (106 m.b.) Av. 33-37, 86 m.b. No export surplus.
<u>Greece.</u>	Prospects poor. (38m. bus.)
<u>Italy.</u>	268 m.b. (294 m.b.)
<u>Spain.</u>	120 m.b. (112 m.b.) Requires to import about 30 m.b.
<u>Portugal.</u>	Wheat crop described as failure (Av. 33-37, 17 m.b.)
<u>Russia.</u>	109.3 m. ac. of all grain crops harvested to Aug. 10, 1940 compared with 126 m. ac. at Aug. 10, 1939.

WHEAT. (continued).

The all-India final estimate was 403 m. bus. equalling that of 1939 and providing an export surplus of about 40 m. bus.

"Foreign Crops and Markets" (U.S. Dept. of Agriculture) states "The 1940 wheat crops of China, Japan and Manchuria are expected to total well below the average obtained prior to the outbreak of hostilities attributable largely to a widespread spring drought, but lack of farm labour and inadequate fertilizer supplies in Japan were also contributing factors Unless crop prospects for rice improve materially, it appears probable that the demand for foreign wheat and flour in the Orient will continue...." Japan's wheat production is estimated at 48 m. bus. (61.m.b.)

Argentina. Crops are reported to be developing well.

Australia. Particulars of area sown are not yet complete but a slight reduction is likely. In all principal wheat belts in Australia there is urgent need of rain. Recently the Chairman of the Wheat Board suggested that the harvest of 1940-41 might be little more than half that of last season (210 m. bus.).

EXPORTABLE SUPPLIES. Wheat available for export carried over at 31st July, 1940 was 273 m. bus. in Canada and 84 m. bus in the United States (excluding 200 m.b. retained for "the ever-normal granary".) Argentina held about 23 m. bus., Australia some 50-60 m. bus. (unsold) and Danubian exportable stocks were negligible. There was thus something like 450 m. bus. already available - probably more than sufficient to meet all import requirements for the present wheat year, ending July 31, 1941 - without any surplus from the 1940-41 crops. Exportable surpluses of new crop wheat in Canada, the United States and India may total about 470 m. bus. and to this will be added whatever export surpluses are produced by the wheat now growing in Australia and Argentina.

Canada faces a serious storage problem, and is likely to be obliged to finance the storing of wheat on farms. The crop plus carry-over - over 760m. bus. - is the greatest on record, comparing with the previous largest of 645 m. bus. in 1928.

IMPORT DEMAND. In Europe, importers are now virtually limited to Britain and Eire, Spain and Portugal, and perhaps, Greece. At most, these countries are unlikely to absorb more than 200 m. bus. Disposal of wheat to the Orient will, as always, be affected by price considerations, with rates and availability of foreign exchange as important factors. Clearly then, by far the greater part of exportable surpluses must be stored against the time when there is again opportunity for the urgent food needs of blockaded Europe to be satisfied. Since no European country has wheat to export, the food blockade must bear heavily upon enemy and enemy occupied countries where production even in good seasons necessitates imports of about 125-150 m. bus. of wheat a year.

WORLD TRADE. In present circumstances the (British) Cereals Import Committee is the only large-scale buyer, and as British requirements are filled for months ahead world wheat markets are lifeless. World shipments of wheat (as reported by the trade) reflect this situation. Quantities shipped (as reported) in the last five weeks (ended Aug. 29) compared with those in the corresponding weeks of last year were as follows:-

1939 mill. bus.	10.0	8.4	9.2	9.6	12.4
1940 "	"	9.6	3.8	5.0	5.8

AUSTRALIAN POSITION. Little progress in disposal of the Australian unsold exportable surplus has been made recently. On August 11 the Wheat Board revealed that in all 122 $\frac{1}{4}$ million bushels of 1939-40 wheat had been sold locally and for export. Shipping space remains a difficulty and shipment of the 63 million bushels sold to Britain early in the year is unlikely to be completed until well into 1941. It has been revealed that 20 million bushels of wheat was sold to Japan on credit, but further sales on credit are unlikely. Stored wheat has not deteriorated. If as expected the 1940-41 harvest is small, the problem of storage will be rendered less difficult. Growers were paid a second advance of 4d. a bushel on Aug. 16, and for bulk wheat in New South Wales have now received approximately 2s. 5d. (net) a bushel at country sidings.

WHEAT. (Continued.)

The Australian Agricultural Council has recommended that wheat farmers endeavour to diversify their production and cut a larger proportion of the crop for hay, but as yet no concrete wartime policy for wheat has been formulated.

PRICES. In Chicago, quotations of wheat options (Sept.) declined about $7\frac{1}{2}$ cents a bushel in the first half of August, and subsequently recovered to $7\frac{1}{4}$ cents on August 31 or $2\frac{3}{4}$ cents a bushel below the price at the beginning of the month. Winnipeg futures remained at the pegged quotations. Sellers' prices for parcels, f.o.b., London were unchanged. Minimum trading prices were abolished in Buenos Aires on Aug. 19 and quotations decreased from 8.66 pesos to 7.69 pesos in the following four days.

LOCAL TRADE. In Sydney the wheat market is very quiet, and dependent primarily upon the activity of millers gristing for local and export flour. A press message of Aug. 26 indicated that £200,000 of silver at Tientsin, transferred to Japan under a recent Franco-Japanese agreement would be used for the purchase of Australian flour. There has been some Eastern enquiry, but no important sales of flour have been reported.

An all-round reduction of $\frac{3}{4}$ d. a bushel in the Board's prices on July 30 applied to local trade from August 5, making the quotations (per bushel, f.o.r., Sydney) 4s. $2\frac{1}{4}$ d. for bagged and 3s. $11\frac{1}{4}$ d. for silo wheat for local consumption and small export orders. This compares with the quotation of 2s. $3\frac{3}{4}$ d. a bushel at the end of August, 1939. Wheat prices in Sydney compare as under:-

PRICES OF BULK WHEAT - SYDNEY.

Monthly Averages - Per Bushel, ex Trucks, Sydney. ♂

Excluding bounty, and including storage charges when payable.

Season ended Nov.	Dec.	Apr.	May.	June.	July.	Aug.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1933-34	2 9	2 7	2 6	2 7	2 9	2 11
1936-37	5 3	5 4	5 5	5 4	5 1	5 7
1937-38	4 0	4 6	4 0 $\frac{1}{2}$	3 11	3 7	3 8
1938-39	2 5	2 6	2 5	2 7	2 5	2 $3\frac{1}{2}$
1939-40	-	3 5	3 11	4 0	4 0	3 $11\frac{1}{4}$

♂ Shippers' offers, ex trucks, Sydney to 1938-39; Aust. Wheat Board's price for wheat for local flour and small export orders from Dec., 1939.

Growers have been advanced for bulk wheat approx. 2s.5d. (net) a bushel at country sidings. Further payment will depend upon realization from sale (when completed) of all 1939-40 wheat.

AUSTRALIAN EXPORTS. The value of wheat and flour exported from Australia in the year ended June, 1940 was £12,801,284; £473,900 less than in 1938-39 and less than half the value in 1937-38. Particulars of quantities are not available but the higher price of wheat was a substantial factor in almost sustaining the value of exports at the preceding year's level. Comparisons with earlier years are:-

WHEAT AND FLOUR EXPORTED FROM AUSTRALIA.
Year ended June.

	1936.	1937.	1938.	1939.	1940.
Wheat (£A 000)	14,051	18,761	20,907	8,735	7,544
Flour "	4,520	5,591	6,032	4,540	5,257
Total "	18,571	24,352	26,939	13,275	12,801